



California Board of Accountancy
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**DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE
 July 23, 2020
 CALIFORNIA BOARD OF ACCOUNTANCY
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President Nancy J. Corrigan, CPA, called the meeting to order at 10:10 a.m. on Thursday, July 23, 2020. The meeting was held via teleconference consistent with the provisions of Governor Newsom's Executive Order N-29-20 dated March 17, 2020. The CBA recessed at 12:15 p.m. The CBA reconvened into open session from 1:30 p.m. until 3:20 p.m. The CBA convened into closed session from 3:36 p.m. until 5:00 p.m. President Corrigan adjourned the meeting at 5:00 p.m.

CBA Members

Nancy J. Corrigan, CPA, President
 Michael M. Savoy, CPA, Vice-President
 Mark J. Silverman, Esq., Secretary/Treasurer
 George Famalett, CPA
 Mary M. Geong, CPA
 Karriann Farrell Hinds, Esq.
 Dan Jacobson, Esq.
 Xochitl A. León
 Luz Molina Lopez
 Carola A. Nicholson, CPA
 Zuhida "Dee Dee" Owens, CPA
 Ariel Pe
 Deidre Robinson
 Katrina L. Salazar, CPA

Yen Tu

July 23, 2020

10:10 a.m. to 5:00 p.m.
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 10:10 a.m. to 5:00 p.m.
 Absent
 10:10 a.m. to 11:00 a.m.
 1:50 p.m. to 5:00 p.m.
 10:10 a.m. to 5:00 p.m.

Staff and Legal Counsel

Carrie Holmes, Deputy Director, Board and Bureau relations, Department of Consumer Affairs (DCA)

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Rich Andres, Information Technology (IT) Staff
Michelle Center, Chief, Licensing Division
Elizabeth Coronel, Strategic Business Analyst, DCA
Theodore Dracar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Emmanuel Estacio, IT Support Analyst
Dominic Franzella, Chief, Enforcement Division
Helen Geoffroy, Legal Counsel, DCA
Alegra Keith, Assistant Human Resources Liaison
Alex Millington, Attorney, Regulations Unit, DCA
Tracy Montez, Chief, Division of Programs and Policy Review, DCA
Rebecca Reed, Board Relations Analyst
Mike Sanchez, Television Specialist, Office of Public Affairs, DCA
Bill Zarriello, SOLID Trainer, DCA

Committee Chairs and Members

Doug Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)
Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee (PROC)

Other Participants

Dean Andal, The Accountants Coalition
Jason Fox, Vice President of Government Relations, California Society of CPAs (CalCPA)
Daniel J. Dustin, CPA, Vice President of State Board Relations, National Association of State Boards of Accountancy (NASBA)
Brad Monterio, Chief Learning Officer and Vice President, CalCPA
Brandon Ogle, CBA staff
Pilar Oñate-Quintana, The Oñate Group
Ethan P.
Anthony Pugliese, CPA, CGMA, CITP, President and Chief Executive Officer, CalCPA
Pavan Shah
John Smith
Chris Wall
Ethan
Larry

I. Report of the President.

A. Introduction of New California Board of Accountancy Member Zuhdia “Dee Dee” Owens, CPA.

President Corrigan introduced new CBA member Zuhdia “Dee Dee” Owens, CPA.

B. Introduction of New California Board of Accountancy Member Yen C. Tu.

President Corrigan introduced new CBA member Yen C. Tu.

- C. Introduction of Newly Assigned Department of Consumer Affairs Legal Counsel Helen Geoffroy, Attorney III.

President Corrigan introduced newly assigned DCA Legal Counsel Helen Geoffroy, Attorney III.

- D. Report on the Meeting with the Governor's Office Regarding Appointments to the California Board of Accountancy.

President Corrigan reported that on February 14, 2020 she, along with Vice-President Savoy, attended a meeting with representatives from the Governor's Office regarding appointments. She stated that there was discussion regarding upcoming member's retirements, qualifications the CBA is looking for in an appointee, and the appointment process. She stated that they also discussed the importance of having a quorum at CBA meetings because of time-certain agenda items, the scheduling of Administrative Law Judges (ALJ) and court reporters, and the scheduling of petitioners.

President Corrigan stated that there was also discussions regarding the CBA committees and advisory committees and the functions of the committees. She stated that licensing a CPA in California is different than in other states because the CPA license can be obtained with or without the authorization to sign reports on attestation engagements. She stated that they also discussed the mobility process for CPAs within and outside of California.

President Corrigan stated that it was a very successful meeting and that she and Vice-President Savoy were able to provide a broader overview of how the CBA functions.

- E. Resolution for Retired California Board of Accountancy Member Jose A. Campos, CPA.

It was moved by Ms. Nicolson and seconded by Ms. Salazar to approve the resolution for Jose A. Campos, CPA.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson.

Abstain: None.

Mr. Fox thanked Mr. Campos for his service and the leadership he provided to the CBA.

- F. Resolution for Retired Qualifications Committee Member David Evans, CPA.

It was moved by Mr. Jacobson and seconded by Mr. Famalett to approve the resolution for David Evans, CPA.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson.

Abstain: None.

Mr. Aguilera thanked Mr. Rosenbaum for the service and leadership he provided to the EAC.

- G. Resolution for Retired Enforcement Advisory Committee Member, Joseph Rosenbaum, CPA.

It was moved by Mr. Famalett and seconded by Ms. Salazar to approve the resolution for Joseph Rosenbaum, CPA.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson.

Abstain: None.

- H. American Institute of Certified Public Accountants Committee Interest for the 2021-22 Volunteer Year.

This was a written report only.

- I. Discussion and Possible Action on the National Association of State Boards of Accountancy's Revisions to the Uniform Accountancy Act Model Rules.

Ms. Center stated that the purpose of this item was to provide the CBA with an opportunity to review and discuss the NASBA Exposure Draft related to

proposed education requirement changes within the Uniform Accountancy Act (UAA) Model Rules (Model Rules) and to approve a comment letter to NASBA regarding the revisions to the Model Rules.

Ms. Center stated that NASBA developed the Model Rules with the goal of promoting uniformity in the regulatory scheme governing the practice of public accountancy in the various licensing jurisdictions. She stated that the Model Rules are not regulations themselves but serve as suggestions for how states may regulate in their specific jurisdiction. She stated that California, does not use the Model Rules verbatim in our state regulations.

Ms. Center stated that the proposed changes to the UAA Model Rules Exposure Draft (Exposure Draft) relate to educational requirements and the NASBA and American Institute of Certified Public Accountants (AICPA) CPA Evolution initiative is the catalyst for the Exposure Draft. She stated that the CPA Evolution initiative aims to modernize the CPA licensure model to adapt to the changing skills and competencies that the practice of accounting requires today and in the future.

Ms. Center stated that the Exposure Draft reflects changes proposed by the NASBA/AICPA CPA Evolution initiative, which the NASBA UAA Committee reviewed and recommended to the NASBA Board of Directors to release for public comment. She stated that the changes include such things as modifying what entity is responsible for recognizing an accreditation agency, small increases in unit requirements to address principle and introductory courses, limits on internship units and reference to courses in data analytics and data interrogation techniques.

Ms. Center stated that staff compared the Exposure Draft and California law and regulations. She stated that staff recommend not making any changes to California law and regulations at this time and staff will continue to monitor the changes proposed in the Exposure Draft.

Ms. Nicholson inquired on why the Exposure Draft is requiring additional education.

Ms. Center stated that information on the requirement for additional education was not included in the Exposure Draft.

It was moved by Mr. Jacobson and seconded by Ms. Nicholson to incorporate non-substantive edits and issue the comment letter to NASBA.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson.

Abstain: None.

- J. Discussion and Possible Action to Amend Title 16, California Code of Regulations Sections 98, 99, and 99.1 – Disciplinary Guidelines; Substantial Relationship Criteria; Rehabilitation Criteria for Denials, Suspensions, Revocations, Restorations, and Reduction of Penalty; and Adopt Title 16, California Code of Regulations Section 99.2 – Directly and Adversely Related Financial Crime Criteria.

Mr. Franzella stated that the purpose of this item is to provide the CBA an opportunity to adopt proposed amendments to Title 16, California Code of Regulations (CBA Regulations) section 98, 99, and 99.1 and adopt section 99.2. and to consider any public comments that were received and provide responses.

Mr. Franzella provided background regarding the initial regulatory text. He stated that this rulemaking package has been developed over the past year. He stated that the main reason for the changes to the substantial relationship criteria and rehabilitation criteria and the addition of a new section related to directly and adversely financial crime criteria was necessitated by the passage of Assembly Bill (AB) 2138.

Mr. Franzella stated that the CBA considered two written comments that were received regarding the proposed regulatory text. The CBA rejected both written comments. One comment letter was rejected because the letter related to a personal matter and failed to address any of the proposed text.

Mr. Franzella stated that the other comment letter was a group letter from 20 separate organizations which included five different comments. The CBA rejected the comment letter for the following reasons:

- Comment 1: The commenters believe that there are gaps in the regulatory scheme the CBA is proposing to address AB 2138. The comment was rejected because consistent with the requirements enacted by AB 2138, for the substantial relationship criteria found in CBA Regulations section 99, the CBA is proposing regulatory text consistent with and required by BPC section 481, and which would assist the CBA in implementing a balanced approach to evaluating an applicant's eligibility for licensure. The CBA is also is proposing adding several new rehabilitation criteria to CBA Regulations section 99.1, specifically subsection (a)(6)-(12).

- Comment 2: The commenters believe that the proposed regulations related to the substantial relationship criteria in CBA Regulations section 99 fails to comply with AB 2138; the commenters express their opinion that the section fails to note that criminal history that resulted in the applicant obtaining a certificate of rehabilitation, pardon, dismissal per Penal Code section 1203.4, or an arrest that resulted in a disposition other than a conviction shall not be denied a license, and the commenters object to the newly added section in CBA Regulations section 99, subsection (c)(4) is vague, overbroad, and unclear. The comment was rejected because the first and second portions of the comment already specifically addressed in statute, adding them again in regulation would be duplicative. The third portion of the comment was rejected because the CBA provided its rationale for the inclusion of this new subsection in the Initial Statement of Reasons.
- Comment 3: The commenters argue that the proposed rehabilitation criteria are inconsistent with AB 2138, inasmuch as the criteria provides for a review of the individuals history of violations. Additionally, the commenters include suggestions and examples of rehabilitation to expand the criteria included in CBA Regulations section 99.1. This comment was rejected because only criminal record *subsequent* to the record giving rise to the denial, suspension, or revocation may be considered. As it relates to additional rehabilitation criteria, the proposed text provides for other factors to be consider and thus does not preclude the applicant from submitting evidence they believe supports rehabilitation.
- Comment 4: The commenters suggest incorporating the Department of Fair Employment and Housing's regulations regarding consideration of criminal history in employment decisions. The commenters also argue that maintaining a 'directly and adversely' standard of relatedness that does not match the factors of the 'substantial relationship' regulation and the CBA sets up two different standards. This commenters offer three factors that should be added to the directly and adversely standard to more align it with the substantial relationship standard. The commenters also argue that the CBA should only consider felony financial crimes that are "directly and adversely tied to the qualifications, duties, and/or functions of a certified public accountant." The comment was rejected because the Legislature could have continued to apply the standard of substantial relationship; however, the Legislature sought to differentiate these types of crimes and have the select entities develop a definition around a new standard of directly and adversely. Also, the Legislature could have required the CBA, or the other select DCA entities, to include minimum specified criteria, similar to what is required, as part of the substantial relationship criteria in BPC section 481, yet the Legislature did not. Realizing that the Legislature established a new standard, the CBA seeks to tie the financial harm to the direct and adverse impact to having

a direct financial benefit to the applicant or another person or direct financial harm to the other person or entity.

- Comment 5: The commenters enumerate six items they believe the CBA should incorporate into the proposed regulations. The first four and the sixth were summarized and addressed as part of comment 3. This comment was rejected because regulations should not indiscriminately incorporate statutory language (Government Code section 11349, subdivision (f), nonduplication standard). In each of the requests, commenters seek to have the CBA incorporate unnecessary and duplicative statutory language into the CBA-proposed regulations.

It was moved by Ms. Hinds and seconded by Mr. Savoy to:

- **Adopt the staff recommended responses for the various comments regarding the proposed regulatory text,**
- **Approve the modified regulatory text to California Code of Regulations sections 98, 99, 99.1, and 99.2, including sending out the modified text for an additional 15-day comment period,**
- **If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations and adopt the proposed regulations as described in the modified notice: and**
- **Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and Office of Administrative Law (OAL).**

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson.

Abstain: Mr. Jacobson.

- K. Discussion and Possible Action to Initiate a Rulemaking to Amend Title 16, California Code of Regulations, Sections 87 – Basic Requirements; 88 – Programs Which Qualify; 88.1 – Provider Requirements; 88.2 – Program Measurements; 89 – Control and Reporting; and 90 – Exceptions and Extensions.

Mr. Franzella stated that at the July 2019 CBA meeting, members reviewed and discussed an exposure draft issued by the AICPA and NASBA on proposed changes to the Statement on Standards for Continuing Professional

Education (CE). He stated that while California does look to the Standards for guidance on CE, it maintains its own rules and requirements.

Mr. Franzella stated that unlike other states that require licensees to select CE from approved providers, California outlines programs that qualify, provider requirements, and program measurements, and places the obligation on licensees to select CE from appropriate providers. He stated that the CBA is still in the process of enacting amendments and additions to its regulations that were a result of a prior revision to the Standards. He stated that the changes proposed in the prior Standards were more substantive and included the new methodologies of Nano and Blended Learning and established new definitions for technical fields of study.

Mr. Franzella stated that the newly released Standards are not as substantive and the prior release. He stated that they include minor changes to the language around Nano and Blended Learning and other non-substantive changes. He stated that the more significant changes are the establishment of a new learning methodology of Adaptive Learning Self-Study and they add an additional education tool for self-study programs termed content reinforcement tools.

Mr. Franzella stated that staff have been working with DCA's Office of Legal Affairs on the pending amended regulations package that was submitted arising from the changes to the Standards that took effect in 2019. He stated that DCA recently sent additional revisions to the previously submitted language on July 9, 2020.

Mr. Franzella stated that staff will work to incorporate the language approved at this meeting and continue to address DCA's request. He stated that staff will provide the language to members for final approval at a future meeting.

Mr. Franzella stated that staff will be performing an in-depth review of the CBA Regulations related to CE. He stated that the purpose of the review is to retool the format and structure of the regulations to create more consistency with the Standards. He stated that as the Standards continue to expand and retool, the present structure used within the CBA Regulations makes it more challenging to effectively incorporate proposed amendments.

It was moved by Mr. Jacobson and seconded by Ms. Salazar to:

- **Approve the amended regulatory text for CBA regulations section 87, 88, 88.1, 88.2, 89, and 90,**
- **Direct staff to submit the text to the Director of the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review: and**
- **If no adverse comments are received, authorize the Executive Officer to take all steps necessary to initiate the rulemaking process, make**

any non-substantive changes to the package, and submit the rulemaking materials to OAL for publication in *The California Regulatory Notice Register*.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson.

Abstain: None.

L. California Board of Accountancy 2020 Legislative Tracking Chart.

M. Update Discussion and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position.

1. Assembly Bill 802 – Reports to the Legislature: Statewide Open Data Portal.
2. Assembly Bill 1525 – Cannabis: Financial Institutions.
3. Senate Bill 51 – Financial Institutions: Cannabis.

Ms. Pearce reported that staff have been monitoring the evolving legislative landscape as typical bill offerings have been abandoned for COVID related legislation.

Ms. Pearce stated that there have been no substantive changes to AB 802 and AB 1525, and Senate Bill (SB) 51 since the January CBA meeting.

N. Review and Consideration of Possible Positions on Legislation.

1. Assembly Bill 1616 – Department of Consumer Affairs: Boards: Expunged Convictions.

Mr. Franzella stated that AB 1616 would require boards within DCA which have posted on its website that a person's license was revoked because of conviction of a crime, upon receiving a certified copy of expungement order for the underlying offense to take the following action:

- If the person reapplies for licensure or has been relicensed, the board must post notification of the expungement order and its date on the board's internet website.

- If the person is not currently licensed and does not reapply for licensure, the board must remove the initial revocation posting on its internet website as well as any information previously posted regarding arrests, charges, and convictions.

Mr. Franzella stated that the CBA would need to take action on the request within 90 days of receiving the expungement order. He stated that there are many issues with the proposal that would either create issues during implementation or be counter to the transparency that the CBA employs with regards to its enforcement actions.

Mr. Franzella stated that AB 1616 is currently in the Senate Business Professions and Economic Development Committee. He stated that based on COVID-19 impacts, the Legislature's schedule for committee hearings has been impacted and that only a limited number of bills will move forward this year. He stated that when the legislature returns from recess, it is likely that policy committees will meet and make decisions on many bills including AB 1616

It was moved by Mr. Jacobson and seconded by Ms. León for the CBA to adopt a watch position on AB 1616.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson and Ms. Salazar.

Abstain: None.

2. Assembly Bill 2028 – State Agencies: Meetings.

Ms. Pearce stated that AB 2028 impacts the timeframe that writings or materials in connection with a matter subject for discussion or consideration at a meeting held pursuant to the Bagley-Keene Open Meeting Act shall be made available on the internet website and to any person who requests the writings or materials in writing.

Ms. Pearce stated that the proposal initially required that the writings or materials be made available on the same day as the dissemination of the writings and materials to members of the state body, or at least 48 hours in advance of the meeting, whichever is earlier.

Ms. Pearce stated that AB 2028 was amended and now proposes to require that the writings or materials be posted to the website no later than

the first business day following the dissemination of the writings and materials to members of the state body or at least 48 hours in advance of the meeting, whichever is earlier. She stated that this would provide staff one additional day to post the materials to the website.

Ms. Pearce stated that an additional amendment to AB 2028 requires a state agency, upon receipt of a written request for writings or materials provided to members of the state body in advance of the meeting, to provide those items immediately.

Ms. Pearce stated that the author of AB 2028 has provided some flexibility regarding the discussion of the materials, if the materials being discussed are from another state agency, are posted to the website and provided immediately upon request.

Ms. Pearce stated that there are two exceptions related to AB 2028. The first exception is in regards to legislative items and items discussed in closed session. The other exception is for discussions on state financial materials that put the Treasurer at a competitive disadvantage in financial transactions.

Ms. Pearce stated that currently, written materials may be provided to the members and made available to the public at any time, including at the time of the meeting.

It was recommended by Ms. Hinds and seconded by Ms. Nicholson to adopt a watch position on AB 2028.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson and Ms. Salazar.

Abstain: None.

3. Assembly Bill 2113 – Refugees, Asylees, and Immigrants: Professional Licensing.

Ms. Pearce stated that AB 2113 would require licensing boards under the DCA to expedite the initial licensure process for an applicant who supplies satisfactory evidence to the board that they have been admitted to the United States U.S. as a refugee, granted asylum, or have a special immigrant visa, as specified. She stated that the bill specifies that nothing in the bill will be construed as changing any existing licensure

requirements, and that any person applying for an expedited license must meet all statutory and regulatory licensure requirements.

Ms. Pearce stated that presently, Business and Professions Code (BPC) section 115.5 requires DCA boards to expedite the licensure process for an applicant who meets the following requirements:

- Is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States (U.S.) assigned to a California duty station under official active duty military orders
- Holds a current license in another U.S. jurisdiction in the profession for which the applicant seeks a license from the board

She stated that AB 2113 would benefit refugees admitted to the U.S. for humanitarian concerns, individuals granted asylum in the U.S., and those who hold a special immigrant status.

Ms. Geoffroy stated that to clarify, it states that BPC section 115.5 allows us to expedite licensure for applicants that meet both requirements and that it is supported by law but during the summary it stated either requirement. Ms. Geoffroy stated that the applicant would need to meet both requirements.

Ms. Geong inquired on how long it would take an expedited application to be processed.

Ms. Pearce stated that if the applicant had that information included in their application, their application would be processed as quickly as possible.

Ms. Hinds inquired on why it is recommended to take a watch position as opposed to a support position on AB 2113.

Ms. Pearce stated that it is up to the CBA on what position they would like to take on AB 2113. She stated that AB 2113 was a little different from some of the prior bills that the CBA has taken a support position on related to the military.

Ms. Hinds inquired if staff have any concerns on adopting a support position on AB 2113 since the bill appears to be a little sparse.

Ms. Pearce stated that staff have no concerns regarding adopting a support position on AB 2113.

It was moved by Ms. Hinds and seconded by Mr. Jacobson to adopt a support position on AB 2113.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: Ms. Nicholson.

Absent: Ms. Robinson and Ms. Salazar.

Abstain: None.

4. Assembly Bill 2549 – Department of Consumer Affairs: Temporary Licenses.

Ms. Pearce stated that AB 2549 adds the CBA, along with three other boards within DCA to a list of boards that are required to issue a 12-month temporary license to qualified applicants within 30 days. She stated that AB 2549 specifies that the provisions shall not apply if a board has a process in place by which an out-of-state licensed applicant in good standing who is married to or in a legal union with an active duty member of the United States Armed Forces is able to receive expedited, temporary authorization to practice while meeting state-specific standards for a least one year.

Ms. Pearce stated that under existing CBA statutes and regulations, CPAs with an out-of-state license in good standing are, with minor exception, valid to engage in practice through existing mobility provisions contained in BPC 5096. She stated that this provides immediate practice rights and can continue until the individual obtains a California CPA license.

Ms. Pearce stated that the CBA will not be subject to the bill's requirements nor will the CBA have to adopt new regulations, since the CBA already provides for expedited licensing and an authorization to practice if an applicant, meeting the specified criteria, is licensed in good-standing in another state.

Ms. Molina Lopez inquired on the outcome of AB 186, which would have required specific boards and bureaus under DCA to issue to the spouse or domestic partner of a military member on active duty and who is licensed in another state a temporary license to practice up to 12 months if he or she meets certain requirements.

Ms. Pearce stated that AB 186 was chaptered and approved in 2014.

It was moved by Ms. Molina Lopez and seconded by Ms. Geong to adopt a support position on AB 2549.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson and Ms. Salazar.

Abstain: None.

5. Assembly Bill 3045 – Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.

Ms. Pearce stated that AB 3045 would require the CBA, and several other boards within DCA, to issue full licensure to an applicant who meets the following requirements:

- Is an honorably discharged veteran of the armed forces or is married to, or in legal union with, an active duty member of the armed forces assigned to a duty station in California.
- Has current, active, and unrestricted license to practice their profession in another state or jurisdiction of the U.S.
- Submits a signed affidavit attesting to the fact that they meet all requirements for a license, under penalty of perjury.
- Has not committed an act, in any jurisdiction, that would have constituted grounds for denials, suspension, or revocation of the license issued by the board.

Ms. Pearce stated that unlike similar provisions in law for other boards, AB 3045 does not call for the issuance of a temporary license, but a permanent license with only a signed affidavit that they have met the licensure requirements. She stated that AB 3045 lacks consumer protection components by not providing a mechanism to quickly terminate or revoke the license if the information attested to was false.

It was moved by Mr. Jacobson and seconded by Mr. Famalett to adopt an oppose position on AB 3045.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Nicholson, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson and Ms. Salazar.

Abstain: Ms. Molina Lopez.

6. Senate Bill 878 – Department of Consumer Affairs License: Application: Processing Timeframes.

Ms. Pearce stated that SB 878 would require each board within DCA that issues licenses to prominently display on its website the following processing timeframes:

- One of the following: a) The current average timeframes for processing initial and renewal license applications, or b) The combined current average timeframe for processing both initial and renewal license applications.
- One of the following: a) The current average timeframes for processing each license type that the board administers, or b) The combined current average timeframe for processing all license types that the board administers.

Ms. Pearce stated that the CBA already posts timeframes on social media and will soon post timeframes on the CBA's website.

It was moved by Ms. Hinds and seconded by Ms. Nicholson to adopt a support position on SB 878.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Jacobson, Ms. Robinson, and Ms. Salazar.

Abstain: None.

- O. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring.

1. Assembly Bill 545 – Cannabis: Bureau of Cannabis Control.
2. Assembly Bill 1263 – Contracts: Consumer Services: Consumer Complaints.
3. Assembly Bill 1417 – Cannabis Advertisement and Marketing.

4. Assembly Bill 2122 – Unlawful Cannabis Activity: Enforcement.
5. Assembly Bill 2208 – Charitable Organizations: Charitable Fundraising Platforms and Platform Charities.
6. Senate Bill 749 – California Public Records Act: Trade Secrets.
7. Senate Joint Resolution 10 – Cannabis: Federal Schedules.

This was a written report only.

- P. Legislative Items for Future Meetings. The California Board of Accountancy may discuss other items of legislation in sufficient detail to determine whether such items should be on a future Legislative Committee agenda and/or whether to hold a special meeting of the Legislative Committee to discuss such items pursuant to Government Code section 11125.4.

There was no report on this item.

- Q. Department of Consumer Affairs Director's Report on Departmental Activities.

Deputy Director Holmes reported that she was appointed by Governor Newsom to serve as Deputy Director of Board and Bureau relations on June 1, 2020. She stated that since January 1, 2020, Governor Newsom has made numerous appointments throughout DCA and the Business, Consumer Services, and Housing Agency.

Deputy Director Holmes stated that due to the COVID-19 pandemic, DCA temporarily closed all offices to the public in March. She stated that boards and bureaus have implemented telework plans and are practicing social distancing for staff that cannot telework.

Deputy Director Holmes stated that the licensing and enforcement functions at boards and bureaus are continuing to take place and several functions are being done remotely.

Deputy Director Holmes stated that following a risk assessment and implementation of DCA's COVID-19 prevention plan, DCA offices reopened to the public on June 15, 2020.

Deputy Director Holmes stated that DCA is also continuing to work towards more efficient service. She stated Director Kirchmeyer remains committed to improving the regulations process and timeline. She stated the DCA developed an on-line system called Cherwell to electronically manage and track regulations packages and streamline the review process.

II. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

It was moved by Ms. Hinds and seconded by Ms. Nicholson to reappoint Kathy Johnson, CPA, José Palma, CPA, and Mehrnaz “Nasi” Raissian, CPA to the EAC.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson and Ms. Salazar.

Abstain: None.

B. Recommendations or Appointment(s)/Reappointment(s) to the Qualifications Committee.

It was moved by Ms. Nicholson and seconded by Mr. Jacobson to reappoint Charles W. Hester, Sr., CPA, Mehrnaz “Nasi” Raissian, CPA, and Kimberly Sugiyama, CPA to the QC.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson and Ms. Salazar.

Abstain: None.

C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

It was moved by Ms. Geong and seconded by Mr. Famalett to reappoint Alan S. Lee, CPA to the PROC.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson and Ms. Salazar.

Abstain: None.

III. Report of the Secretary/Treasurer.

A. Update on Fiscal Year 2019-20 Budget, Including Fund Condition Report Following \$10 Million Loan to the General Fund.

Mr. Silverman reported that the final year-end budget information for fiscal year (FY) 2017-18 reflected total revenues of \$10,594,127, which was an increase of eight percent over FY 2016-17.

Mr. Silverman stated that the budget authority for the CBA for FY 2019-20 was adjusted to \$17,022,000. He stated that the augmentations included increases in the areas of the Attorney General Office costs, employee compensation, retirement, and DCA Pro Rata.

Mr. Silverman stated that expenditures as of April 30, 2020 were \$12,966,716 or 76 percent of the CBA budget. He stated that the CBA is projected to end the fiscal year with an approximate surplus of \$1,200,839. He state that these figures are likely to change when the fiscal year-end figures are received.

Mr. Silverman stated that the CBA has collected over 11.2 million in revenues for the first 10 months of FY 2019-20. He stated that revenues for the rest of the year and beyond are projected to increase due to the license renewal and initial licensure fee increase that went into effect January 1, 2020.

Mr. Silverman stated that the fiscal crisis caused by the COVID-19 pandemic triggered the need for the state to borrow money from special fund agencies. He stated that the CBA was selected by the Pooled Money Investment Board to provide a \$10 million loan to the General Fund and the loan is scheduled to be repaid with interest in FY 2024-25 or sooner as the economy improves.

Mr. Silverman stated that the CBA's Months in Reserve have been adjusted to reflect the loan to the General Fund and is projected to be 5.4 for FY 2020-21 and 4.2 for FY 2021-22. He stated that should the CBA fund require it, early return of the loaned funds can be authorized by the Director of the Department of Finance. He stated that staff will monitor the Loan Obligation Reports and will provide updates on the loan repayment.

Mr. Savoy inquired if the loan will be repaid quicker if the CBA Months in Reserves falls below required amount.

Ms. Pearce stated that the statutory requirement to have at least nine months in reserve was removed and the current requirement is that the CBA cannot have over 24 months in reserve. She stated that the CBA is still in the process of pursuing a fee increase.

IV. Report of the Executive Officer.

A. Update on the California Board of Accountancy Operations During COVID-19.

Ms. Bowers reported that due to the COVID-19 pandemic and stay-at-home order, the CBA's offices were closed for nearly two months. She stated that due to the closure, the CBA is experiencing delays in processing timeframes. She stated that staff are working diligently to resolve the delays.

Ms. Bowers stated that when the CBA office reopened to the public in mid-June, a limited number of staff have been scheduled to work in the office to ensure we can accommodate physical distancing guidelines.

Ms. Bowers stated that due to the Governor's directive to maintain a 75 percent telework level, staff are working on the deployment of CBA issued computers to all staff. She stated that with this, a majority of staff will be able to complete most of their duties remotely. She stated that staff are taking steps to ensure appropriate security measures are in place to safeguard data accessed remotely.

Mr. Fox recognized the CBA board and staff for their continued work to keep CBA operations running amid this situation which was out of our control.

B. Discussion and Possible Action to Recognize the Mutual Recognition Agreement Between the South African Institute of Chartered Accountants and the United States International Qualifications Appraisal Board.

Ms. Center stated that this agenda item provides the opportunity for the CBA to discuss the Mutual Recognition Agreement (MRA) of the South African Institute of Chartered Accountants (SAICA) and to recognize its members as having satisfied the examination requirement upon successful completion of the International Qualifications Examination (IQEX).

Ms. Center stated that NASBA and AICPA have jointly established the International Qualifications Appraisal Board (IQAB) to assist in eliminating barriers between the accounting profession of the United States and accounting professions in other countries.

Ms. Center stated that in order for a country to begin an MRA process, they must be sponsored by a United States board of accountancy who submits a formal request to IQAB to begin the evaluation process. She stated that IQAB's review determines whether the accountancy body's examination,

education, and experience requirements are substantially equivalent to the United States established CPA licensing requirements under the UAA. She stated that if so, IQAB negotiates an MRA and recommends the adoption of the agreement by all 55 boards of accountancy.

Ms. Center stated that should the CBA adopt a position to accept the MRA, this will allow members of SAICA applying for licensure in California to satisfy the Uniform CPA Examination (CPA Exam) requirement with the passage of IQEX. She stated that as the CBA does not enter into reciprocity agreements, the applicant will continue to need to demonstrate successful completion of California's educational requirements and other licensing requirements.

Ms. Tu inquired when we have reciprocity recognition, how is the continuing education component of their license managed.

Ms. Bowers stated that the MRA only satisfies the CPA Exam requirement and the individual would still need to become licensed and meet the educational requirements of each of the states they are licensed within.

It was moved by Ms. León and seconded by Mr. Silverman recognize members of SAICA as having satisfied the CPA Exam requirement under BPC section 5082.3 upon successful completion of the IQEX and to send a letter to the Chair of the NASBA/AICPA IQAB, notifying them that although the CBA does not enter into reciprocity agreements, the CBA will grant recognition to members of SAICPA upon passing the IQEX, as fulfilling the examination requirement for CPA licensure in California.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson.

Abstain: None.

C. Discussion and Possible Action Regarding the California Board of Accountancy's Consumer Assistance Booklet.

Ms. Pearce stated that during the January 2020 leadership roundtable it was recommended that the Consumer Assistance Booklet be placed on a CBA meeting agenda for discussion by the CBA. She stated that staff have been working to determine if there are ways to enhance the information and make the resources easier to access. She stated that staff identified that while the

format of the consumer assistance booklet is very comprehensive the content and format could be changed to be more concise and in a brochure format.

Ms. Pearce stated that in looking at the consumer portion of the CBA website, staff believe some of the narrative that presently exists in the handbook would be better placed on the website.

Ms. Pearce stated that staff will be pursuing changes to both the booklet and the website and that staff welcome any additional input from the CBA.

Ms. Nicholson inquired if it would be helpful to the public if we incorporate the different types of licenses in the booklet or on the website.

Ms. Pearce stated that there is a section in the handbook that distinguishes the difference between the A license with and without the authority to sign reports on attestation engagements. She stated that the information is also posted on the CBA website. She stated that staff can move that information to the front of the handbook so the information would be easier for consumers to identify.

Mr. Jacobson inquired if the information that was included in the handbook and going to be added to the CBA website will still remain in the handbook.

Ms. Pearce stated that staff are not going to input all of the information that is in the handbook into the pamphlet because of sizing issues. She stated that staff are going to have to be strategic about what is included in the pamphlet as opposed to the website. She stated that staff will make sure that all of the information is very comprehensive and still be able to assist consumers.

D. Discussion and Possible Action Regarding the California Board of Accountancy 2020 Communications and Outreach Plan.

Ms. Pearce stated that the CBA's outreach plan provides a framework that discusses the CBA's strategic communications goals and how it intends to increase the volume and effectiveness of its activities in pursuit of those goals.

Ms. Pearce stated that with COVID, the timing of the various activities may need to be modified and our methods of delivering key messages will likely be transitioning to a virtual platform instead of in-person events. She stated that even with the adjustments, staff continue to make communications and outreach a priority.

It was moved by Ms. Molina Lopez and seconded by Ms. Salazar to approve the 2020 Communications and Outreach Plan.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson.

Abstain: None.

- E. Update on the California Board of Accountancy's Communications and Outreach.

Ms. Pearce reported that President Corrigan spoke on behalf of the CBA at San Francisco State University on January 30. She stated that the event, titled "Student Professional Issues Update" was sponsored by CalCPA and had over 100 people registered.

Ms. Pearce stated in addition to the event at Cal Poly in October, which will now be held on a virtual platform, President Corrigan will also be participating in the Community College to CPA event sponsored by CalCPA in September.

Ms. Pearce stated that with COVID, many of the outreach and communications are transitioning to a virtual platform. She stated that CBA Licensing Manager Suzanne Gracia participated in a CalCPA event called "Conversations and Coffee" which was focused on a smaller group of attendees – up to 25.

Ms. Pearce thanked CalCPA, for their support and assistance during the past few months.

- V. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

- A. Enforcement Advisory Committee.

1. Report of the February 6 and July 9, 2020, Enforcement Advisory Committee Meetings.

Report provided under agenda item VI.A.

- B. Qualifications Committee.

- A. Report of the January 22, 2020, Qualifications Committee Meeting.

Report provided under agenda item VII.A.

C. Peer Review Oversight Committee.

1. Report of the February 14, 2020, Peer Review Oversight Committee Meeting.

Report provided under agenda item VII.A.

2. Presentation and Possible Adoption of the Peer Review Oversight Committee 2019 Annual Report.

Mr. De Lyser reported that the PROC reviewed and approved the PROC 2019 Annual Report.

Mr. De Lyser stated that based on the PROC's oversight, the PROC concluded that the AICPA Peer Review Program functions effectively in accordance with the standards adopted by the CBA.

Ms. Salazar thanked Mr. De Lyser and the PROC for all of its hard work throughout the year.

It was moved by Ms. Tu and seconded by Ms. Hinds to adopt the PROC 2019 Annual Report.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Ms. Robinson.

Abstain: None.

VI. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this item.

Ms. Hinds inquired if there has been any discussion regarding the impact that COVID-19 could have on CE completion or requests from licensees for exceptions to their CE requirements. She inquired if the CBA should be proactive about addressing issues regarding licensees having issues completing their CE requirements.

Mr. Franzella stated that as it relates to CE and extensions, the Governor issued an executive order that covered a period of time for individuals who

were renewing their license between March and April to have a six-month extension to complete their CE requirements. He stated that staff, through the Executive Officer, have a lot of latitude to evaluate CE requirements and extension requests on a case-by-case basis and have been granting those extensions as necessary.

Ms. Hinds suggested we assign this topic to one of the CBA committees to monitor any challenges that can arise with licensees not completing their CE before they become disciplinary matters.

Ms. Bowers stated that staff can add a discussion item to a future CBA meeting agenda. She stated that in most of the areas where there are requirements such as CE or deadlines with CPA Exam scores and other things of that nature, there were several executive orders by the Governor that did a blanket extension so that individuals were not negatively impacted. She stated that staff have the opportunity to share with the DCA Director the areas we needed exemptions for and those were all approved.

B. Discussion and Possible Action to Conduct Petition Hearings Pursuant to Business and Professions Code Section 5115 Based Solely on Written Arguments.

Mr. Franzella stated that the CBA is being asked to determine whether to modify its process for scheduling and conducting petition hearings. He stated that historically, the CBA conducts all of its petition hearings on the record at one of its regularly scheduled CBA meetings. He stated that at the petition hearing, the petitioner and DAG are offered an opportunity to provide oral arguments on the record.

Mr. Franzella stated that currently staff work with the petitioner on scheduling the hearing and coordinate with the Office of Administrative Hearings (OAH) to assign an ALJ to preside over the hearing.

Mr. Franzella stated that the ALJ considers evidence for admittance and rules on various items raised by the parties. He stated that the ALJ drafts a decision based on the CBA members' closed session discussions.

Mr. Franzella stated that because of COVID-19 and the subsequent State of Emergency issued by the Governor, staff have begun examining various CBA-related activities that may or likely will need to be modified to continue to operate effectively and efficiently. He stated that the petition hearing method currently used will likely continue to work to some degree for a petitioner who has access to technology that will allow for the use of virtual or telephonic participation.

Mr. Franzella stated that if a petitioner is possibly unwilling or unable to travel, the CBA will need to consider methods to allow a petitioner to continue to effectively and efficiently have a petition heard by the CBA.

Mr. Franzella stated that the CBA could consider a petition based solely on written arguments submitted by both the petitioner and the DAG. He stated that as part of the Notice of Hearing, it would include set dates for filing written arguments to be served on the parties in the event that the Petitioner would prefer the CBA consider the matter via written argument.

Mr. Franzella stated that at the CBA meeting, if the petition hearing is based on written arguments only, the CBA will convene into closed session to discuss the matter and render a decision.

Mr. Jacobson inquired if there would be any problems conducting a petition hearing telephonically if a petitioner does not have access to the technology that we would be utilizing.

Mr. Franzella stated that there would not be anything prohibiting the telephonic use for conducting a petition hearing or by utilizing a virtual method similar to how the CBA meeting is being conducted. He stated that the issue is potentially that the petitioner may not feel comfortable with a virtual hearing. He stated that staff are looking for more of a toolkit method that can be utilized and to have the ability to have as many options as we can to allow an individual to effectively participate and petition the CBA. He stated that this would be one additional method and staff would continue to schedule petition hearing in such a matter that it would be expected or presumed that the petitioner would be participating in a virtual environment whether it be with a webcam or telephonically. He stated that in instances where the petitioner is not able, uncomfortable, unwilling, or do not have the means to participate virtually, this would provide additional flexibility for the CBA to consider the petition packet.

Mr. Savoy stated that he would prefer petition hearing to continue with the petitioner being present for the hearing. He stated that it is more effective to make a decision having in-person interaction with the petitioner.

Ms. León stated that she appreciates staff trying to make petition hearing more accessible via webcam or telephonically. She stated that whatever the CBA is doing from a digital perspective, the CBA needs to consider solutions that are more mobile friendly.

Mr. Jacobson stated that having a petitioner participate in person allows the CBA to be able to read body language and make eye contact with the petitioner. He stated that if a petitioner is unable to participate in-person then the next best option would be to participate virtually and the last option would be telephonically.

Mr. Savoy stated that he would be questioning a CPA if they do not have access to a computer.

Ms. Hinds stated the CBA's ultimate responsibility is protecting the consumers and the CBA would like to make sure that when CBA has a licensee who is being subject to a disciplinary action that the CBA has an opportunity to make sure that the CBA is investigating and considering the complaints thoroughly to make sure the licensee does not become a threat to the consumers. She stated that if there is the potential that we are limiting how the CBA conducts a petition hearing or the protocol so that the CBA receives less information or less opportunity to be diligent in evaluating matters then she is hesitant to rely solely on written argument. She stated that if the petition hearing cannot be conducted in-person, then she would prefer it be via webcam or telephonic.

Ms. Tu inquired if the written argument would be in addition to a petitioner attending the hearing in-person.

Mr. Franzella stated that the written arguments would be in place or the petitioner attending the hearing in-person. He stated that one petitioner has stated that he is unwilling to travel to attend a petition hearing so staff were exploring other methods that are allowable within the code to continue to have options to conduct the petition hearings depending on the individual's circumstances. He stated that the written argument would be in place of the petitioner in-person petition hearing participation.

Ms. Hinds made a motion for staff to present a recommendation for protocols for virtual hearings for licensees for the CBA to consider and adopt at a future meeting.

Ms. Molina Lopez seconded the motion.

Ms. Hinds stated that there are still some outstanding questions within this item regarding how the CBA will conduct hearings going forward until the CBA has an opportunity to meet in person. She stated that it would be helpful for the public and licensees if the CBA had a process put into place so that there would be reasonable expectations and everybody can be prepared. She stated that she would like staff to look into recommending another process whether it be scheduling hearings virtually and letting the petitioners know that they need to make accommodations to be able to participate in the hearing and staff to provide some clear guideline as to what those hearings would look like and then give the CBA an opportunity to consider the matter.

Mr. Jacobson stated that what Mr. Franzella is presenting is the opportunity for a petitioner to participate in-person and if that option is unavailable then to participate virtually or telephonically.

Mr. Franzella stated that staff would bring back an item at a future meeting, if that is what the CBA would like. He stated that, however, staff will have to continue to delay the scheduling of petition hearings and there are individuals that have requested petition hearings. He stated that at this time if the CBA is going to wait to establish a protocol, the CBA would continue to use the protocol that has historically been used staff bring forward to any future agenda. He stated that there would not be any change in how staff go about scheduling petition hearings. He stated that the only difference would be just the internal protocols.

Ms. Hinds stated that her understanding from the item was that staff were asking the CBA for an exception so that written arguments would only be used. She stated that her understanding of the item was that it was not clear and the item was brought to the CBA so there could be an exception created in the petition hearing process. She inquired if there is already a process in place, then what is the purpose of the agenda item.

Mr. Franzella stated that the recommendation was to add to the CBA's process and staff were seeking to add an alternative method for conducting petition hearings.

Ms. Hinds withdrew her motion.

Ms. Geoffroy clarified that BPC 5115 already permits the CBA to receive and handle issues solely on written arguments. She stated that it is her understanding that the CBA typically does not rely solely on written argument for petition hearings so the CBA does not have an established process. She stated that this is already codified and already a method that is permitted to the CBA, but rather than waiting until the last minute if an issue arises we have a method in place that would allow the CBA to move forward with hearings.

It was moved by Ms. Tu and seconded by Ms. Geong for the CBA to establish a protocol for allowing a Petitioner to solely use written arguments only for the purpose of petitioning the CBA.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. León, Ms. Nicholson, Mr. Pe, and Ms. Tu.

No: Ms. Hinds, Mr. Jacobson, Ms. Molina Lopez, Ms. Owens, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

Absent: Ms. Robinson.

Abstain: None.

VII. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Center provided an overview of this item.

VIII. Meeting Minutes.

A. Adoption of the Minutes of the January 16, 2020, California Board of Accountancy Meeting.

It was moved by Ms. Hinds and seconded by Mr. Pe to adopt the minutes of the January 16, 2020 California Board of Accountancy meeting, which included a non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Ms. Hinds, Ms. León, Ms. Molina Lopez, Mr. Pe, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Robinson and Ms. Salazar.

Abstain: Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. Nicholson, Ms. Owens, and Ms. Tu.

B. Acceptance of the Minutes of the December 13, 2019, Peer Review Oversight Committee Meeting.

C. Acceptance of the Minutes of the December 5, 2019, Enforcement Advisory Committee Meeting.

D. Acceptance of the Minutes of the October 23, 2019, Qualifications Committee Meeting.

It was moved by Mr. Savoy and seconded by Ms. Geong to accept items VIII.B. through VIII.D.

Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Robinson, and Ms. Salazar.

Abstain: Ms. Owens and Ms. Tu.

IX. Other Business.

A. American Institute of Certified Public Accountants.

1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

a. Business Environment and Concepts Subcommittee.

President Corrigan reported that the duties of the subcommittee include reviewing and approving CPA Exam questions for technical accuracy, appropriateness for newly licensed CPAs, which is a one to two year person, for conformity with exam blueprint specifications. She stated that it involves ensuring that the questions are testing the knowledge of the candidate, but not fooling them with distracting information. She stated that the subcommittee sets strategic direction based on standard setting developments and other trends in the accounting profession. She stated that the subcommittee also monitors the overall health of the inventory of CPA Exam questions for this exam section to make ensure that the requirements of the exam blueprints are followed.

President Corrigan stated that so far, the subcommittee have had a number of teleconferences to review the inventory of questions and the subcommittee will continue to work through the backlog.

b. State Board Committee.

There was no report on this agenda item.

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

There was no report on this agenda item.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

a. Bylaws Committee.

There was no report on this agenda item.

b. Continuing Professional Education Committee.

There was no report on this agenda item.

3. Report of the Western Regional Meeting Held Virtually June 3, 2020.

Report provided under agenda item IX.B.4.

4. Report from Daniel J. Dustin, CPA, Vice President of State Board Relations, Regarding the National Association of State Board of Accountancy Activities.

Mr. Dustin reported that COVID-19 is having a significant impact in a lot of ways on boards of accountancy. He stated that with respect to the CPA pipeline, the closure of Prometric test centers for two months had a significant impact on testing. He stated that most states extended notices to sit for exams and provided conditional credit through December 31, 2020. He stated that some smaller lower volume states, with respect to candidates, are addressing the extensions on a case-by-case basis.

Mr. Dustin stated that Prometric test centers began to reopen in mid-May. He stated that the testing centers were taking precautions including social distancing. He stated that testing center lessened testing capacity to assist with social distancing and in doing so, extended testing center hours and opened testing centers on weekends. He stated that due to the precautions that were put into place, testing centers were full to capacity and some candidates are requesting to extend conditional credits into 2021.

Mr. Dustin stated that some test center locations were impacted by social unrest. He stated that NASBA will continue to monitor the availability of test centers throughout the country and will work with Prometric to address any concerns as they arise.

Mr. Dustin stated that the CPA Evolution is a joint initiative between NASBA and AICPA. He stated that the comment period for the exposure draft will end on August 31, 2020. He stated that one of the things NASBA is working on in regards to the CPA Evolution are resources that would be available to schools. He stated that larger schools tend to view the proposed changes to education and the CPA Exam in a positive light because they can now dedicate tracts of learning towards the disciplines that have been proposed in the model. He stated that smaller schools are concerned that they may not be able to handle three disciplines so they are looking at one or two disciplines or working with other schools in their area to provide students with the ability to obtain the necessary coursework to prepare for the CPA Exam and licensure.

Mr. Dustin stated that NASBA, along with AICPA, is in the process of establishing an education taskforce that will focus on the core subjects and the three disciplines. He stated that the resources will include model curricula as well as a model internship program. He stated that students have expressed to professors that they would like to have summer jobs count towards internship credit. He stated that the proposed Model Rules require that internships be pre-approved by faculty prior to the student engaging in the activities.

Mr. Dustin stated that in regards to the Model Rules, only eight jurisdictions were identified as needing either law or rule changes. He stated that one state would require a law change. He stated that seven jurisdictions would need to change their rules.

Mr. Dustin stated that CPA Exam testing began in India in June 2020 and is scheduled to occur again in September and December.

Mr. Dustin stated that the AICPA continues to work on the ability to provide the CPA Exam remotely in emergency situations. He stated that Prometic and AICPA provided a presentation to executive directors during a NASBA webinar to discuss what they envision for remote testing. He stated that significant concerns were raised regarding security, availability, and compatibility issues with respect to computer equipment that candidates would be utilizing in order to take the exam remotely. He stated that all Prometic exam equipment across the U.S. is uniform.

Mr. Dustin stated that in the fall of 2019, AICPA's Professional Examinations Committee issued an Exposure Draft titled Staff Augmentation. He stated that the Exposure Draft would be an interpretation to the existing AICPA Code of Professional Conduct that would allow a CPA firms' staff to work for an attest client where they would be supervised by the client. He stated that NASBA raised concerns regarding the Exposure Draft to the AICPA. He stated that subsequent to that, there were discussions with AICPA's Professional Ethics Executive Committee Taskforce that was charged with looking at staff augmentation. He stated that some changes were proposed, however, at its January 2020 meeting, the NASBA Board of Directors (BOD) voted to oppose staff augmentation. He stated that discussions by the Professional Ethics Executive Committee Taskforce continued into the spring and NASBA did not support the ongoing proposals from the taskforce and agreed with the NASBA BOD position. He stated that almost all boards agree with NASBA's position to oppose the staff augmentation. He stated that the Professional Ethics Executive Committee Taskforce continues to make revisions to the proposal and will make a presentation at the August Professional Ethics Executive Committee Taskforce meeting and they may vote to re-expose the Exposure Draft. He stated that the NASBA

Ethics Committee will meet shortly after the release to discuss the Exposure Draft and will draft a comment letter in response.

Mr. Dustin stated that during the breakout sessions, there were many concerns regarding the impact that COVID-19 has had on finances and the possibility that fund balances may be swept or loaned to offset state budget shortfalls.

Mr. Dustin stated that the 113th Annual Meeting in November will be held virtually.

X. Closing Business.

a. Public Comments.

Mr. Fox congratulated the CBA conducting its first virtual meeting.

b. Agenda Items for Future California Board of Accountancy Meetings.

Mr. Savoy requested that staff provide updates to the CBA regarding the loan to the General Fund.

Ms. Hinds requested that staff provide updates to the CBA regarding COVID-19 and any issues staff may be experiencing.

Ms. Geong requested that staff provide an update at a future meeting on the status of the legislative proposal regarding taking the CPA Exam prior to degree conferral.

Mr. Jacobson requested a discussion regarding what is substantially related to the practice of public accounting be put on a future agenda.

XI. Closed Session: Pursuant to Government Code Section 11126(c) (3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Enforcement Matters.

XII. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene Into Closed Session to Receive Advice From Legal Counsel on Litigation.

A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.

B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.

C. *Lowell A. Baisden v. Patti Bowers Executive Officer, Board of Accountancy, Department of Consumer Affairs, State of California, Evan J. Geilenkirchen, and Jane M. Geilenkirchen*, Fifth Appellate District Court of Appeal, Case No. F076662.

D. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.
Adjournment.

President Corrigan adjourned the meeting at 5:00 p.m. on Thursday, July 23, 2020.

Nancy J. Corrigan, CPA, President

Mark J. Silverman, Esq., Secretary/Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.